

FISCAL NOTE WORKSHEET (Revised Nov. 2006)

Agency: Utah State Office of Education
Daniel Schoenfeld
 Requested By

Bill Number HB 149

Office of the Legislative Fiscal Analyst
 W310 State Capitol Complex
 Salt Lake City, UT 84114-5310
 538-1034 / Fax 538-1692

Fax/Electronic Mail Transmittal

Date: _____
Name: _____
Fax Number: _____

Please return to Fiscal Analyst by: January 30, 2007

TITLE OF BILL: Class Size Reduction in Grades K through 3

This Bill Takes Effect: ☐ On Passage ☒ On July 1 ☐ 60 Days after session ☐ Other _____
 Bill Carries Own Appropriation: ☐

FISCAL IMPACT OF PROPOSED LEGISLATION

A. Revenue Impact by Source of Funds:

First Year

Second Year

	First Year	Second Year
1. General Fund		
2. Unifrom School Fund - Free Revenue		
3. Transportation Fund		
4. Collections		
5. Other Funds (List Below)		
6 Local Funds		
7. TOTAL	\$0	\$0

B. Expenditure Impact by Source of Funds:

1. General Funds		
2. Unifrom School Fund - Free Revenue	\$45,400,262	\$46,543,683
3. Transportation Fund		
4. Collections		
5. Other Funds (List Below)		
School District Bonding	\$374,880,476	\$51,195,832
6 Local Funds	\$7,959,962	\$8,322,685
7. TOTAL	\$428,240,700	\$106,062,200

C. Expenditure Impact Summary:

1. Salaries, Wages and Benefits <u>classroom teachers</u>	\$45,400,262	\$46,543,683
2. Travel		
3. Current Expenses		
4. Capital Outlay <u>instructional space and related facilities</u>	\$374,880,450	\$51,195,873
5. Other (Specify) <u>administration</u>	\$7,959,962	\$8,322,685
6. TOTAL	\$428,240,700	\$106,062,200

D. Impact in Future Years?

If no fiscal impact in first two years, indicate if there will be any impact in future years, and explain. Also, indicate any significant changes in fiscal impact beyond the first two years. (Use back side, if necessary.)

Since enrollment is projected to grow in the foreseeable future -- and because it is based heavily on natural increase, which means that it will predominantly impact grades K-3 -- the amount for this program will have to grow each year in order to meet the mandated limits on class size.

E. Identify Sections of the Bill That Will Generate the Additional Workload or Cost Increase

None.

F. Expenditure Impact Details (Ties to totals in Section C)

Please see the Analysis tab for details and note the following:

[1] Capital (facility) and administrative costs associated with a reduction in class size have not been shown on notes to similar bills in the past.

[2] Facility costs assume no existing capacity to handle additional classes.

[3] Facility and administrative costs are typically borne by LEAs. The state traditionally has provided directly only a small fraction of the funding required for facilities and administration through the MSP Administrative Costs and Capital Outlay programs. This note assumes no legislative intent to expand those programs.

[4] While classroom personnel and administrative costs must grow each year in order to maintain prior year gains and accommodate new growth, facility costs can decline in the second year to address only new growth, assuming that the first year's outlay adequately accommodates the large initial reallocation of students.

G. No Fiscal Impact or Will Not Require Additional Appropriations?

Administration of the class size reduction program -- essentially the allocation and distribution of funds -- can be handled by the USOE within the normal course of its business.

H. If Bill Carries It's Own Appropriation:

Indicate if the amount appropriated is adequate to meet the purposes of the bill.

Are there future additional costs anticipated beyond the appropriation in the bill?

None.

I. Impact on Local Governments, Businesses, Associations, and Individuals

LEAs: In order to acquire and manage new teachers and facilities, LEAs will be forced to spend literally hundreds of millions of dollars of local dollars, since the state will only be contributing about \$260 per student, whereas the need is for about \$2,400 per student. The experience of California (see attachments) is relevant here, since the state there contributed more than three times as much per student (\$850) for the same purpose and that was insufficient to avoid negative unintended consequences of a mandatory class size limit, such as the reallocation of computer, library, maintenance, and professional development funds to personnel, the conversion of art and music areas, computer labs, libraries, and playgrounds (via portables) to regular classroom space, and a rise in the rate of underqualified teachers from 1.8% before to 12.5% after the class size limit was imposed. Businesses and Associations: Firms involved in construction industry will realize increased sales due to new demand for public school facilities. Individuals: While most families with young school age children will benefit by having children in smaller classes in the early grades, some families will be unhappy because they will be required to send their children to schools other than the ones they prefer. Narrative Description of Bill: (1) Except as provided in Subsection (2), the state's public schools may not have a class size in kindergarten through the third grade that exceeds 20 students. (2) Notwithstanding Subsection (1), a public school may have a class size in kindergarten through the third grade that exceeds 20 students, but does not exceed 22 students in kindergarten through the third grade if that school has no more than two classes in each grade for kindergarten through the third grade. (3) The Legislature shall provide for an annual adjustment in the appropriation for class size reduction authorized to meet the requirements under this section.